

**CALENDAR ITEM
C54**

A 11
S 3, 7

04/20/17
PRC 3768.1
J. Toy

REVISION OF RENT

LESSEE:

CPN Pipeline Company

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the San Joaquin River between Jersey Island and Sherman Island, adjacent to Assessor's Parcel Numbers 027-010-005 and 158-0030-008, near Antioch, Contra Costa and Sacramento Counties.

AUTHORIZED USE:

Continued use and maintenance of an existing eight-inch diameter natural gas pipeline.

LEASE TERM:

20 years, beginning May 25, 2012.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff reviewed the rent under this lease and recommends that rent be revised from \$590 per year to \$713 per year, effective May 25, 2017.

OTHER PERTINENT INFORMATION:

1. Lessee has the right to use the land adjoining the lease premises.
2. On December 2, 2013, the Commission authorized a General Lease – Right-of-Way Use to CPN Pipeline Company for a term of 20 years beginning May 25, 2012 ([Calendar Item C05, December 2, 2013](#)). The lease will expire on May 24, 2032.
3. A cathodic protection survey in April 2015 indicated there is sufficient protection against corrosion. Submarine pipeline surveys performed in April 2010 and October 2015 found that the pipeline is exposed along much of the riverbed causing a few free spans with the longest one

CALENDAR ITEM NO. **C54** (CONT'D)

approximately 145 feet. CPN Pipeline Company provided staff with a Project Execution Plan dated June 12, 2012, for the repair of the pipeline exposure. Contractors were unavailable during the window of time when submarine repair work was allowed in 2013. Repair work, which was approved by the Commission as part of the lease authorization ([Calendar Item C05, December 2, 2013](#)), has yet to commence. The pipeline was isolated in December 2015 and is in an idle state with no natural gas flowing through it.

4. As required under the lease, the Lessee must provide Commission staff engineering drawings and a detailed contractor work plan, at least 60 days prior to the commencement of repair work, for the pipeline to be placed back in service.
5. The Lessee must provide staff as-built plans and a post construction written narrative report as required under the lease within 60 days of project completion.
6. This action is consistent with Strategy 2.2 of the Commission's Strategic Plan to ensure timely receipt of revenues and royalties from the use and development of State lands and minerals.
7. Approving the revision of rent is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

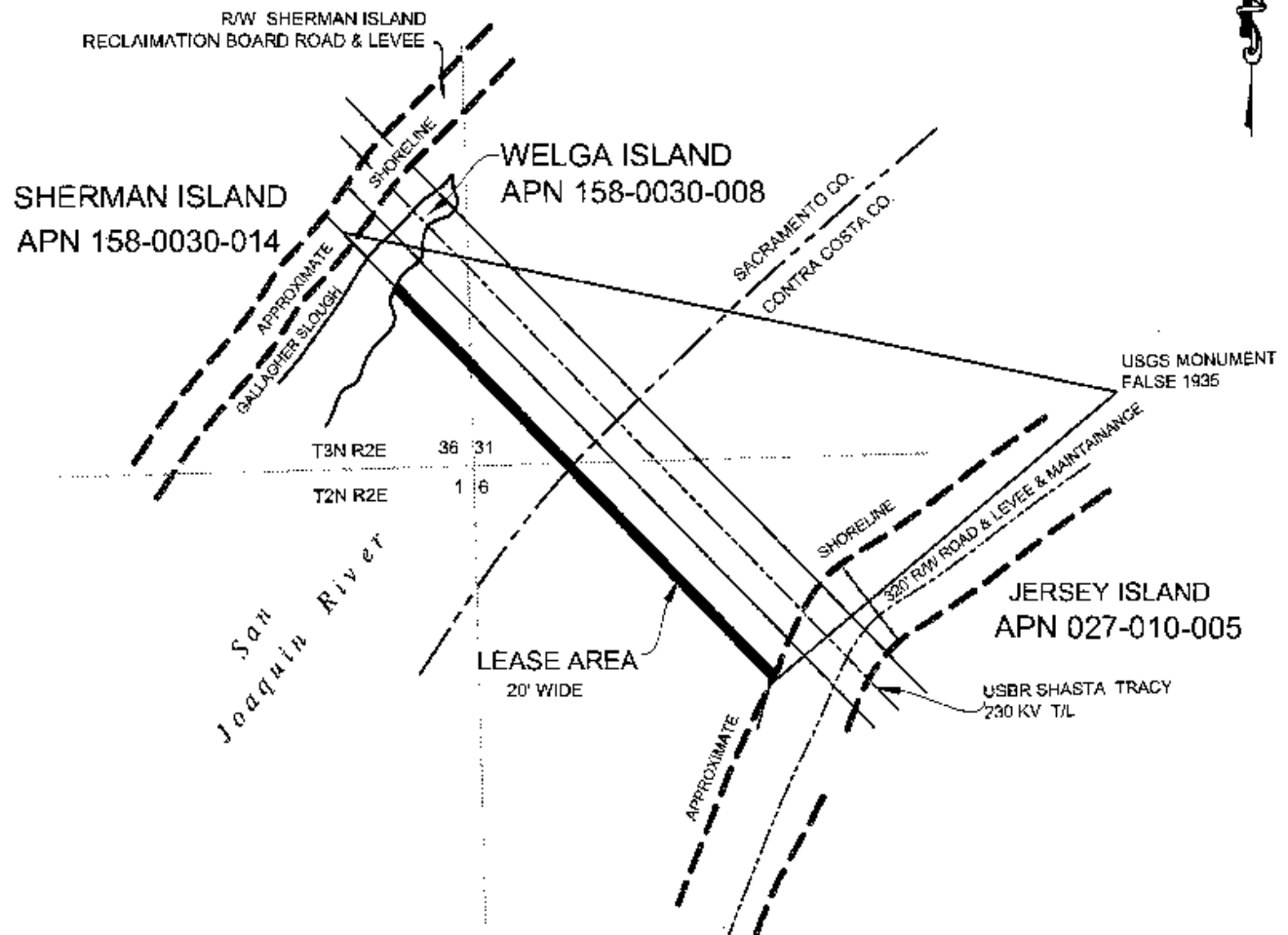
It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 3768.1 from \$590 per year to \$713 per year, effective May 25, 2017.

SITE

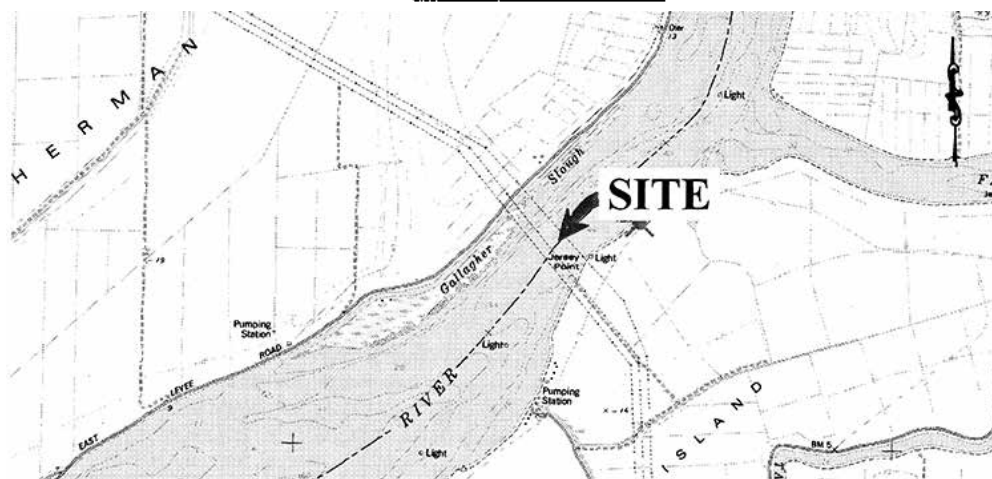
NO SCALE



NATURAL GAS PIPELINE FROM JERSEY ISLAND TO SHERMAN ISLAND CROSSING THE SAN JOAQUIN RIVER

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

Exhibit A

PRC 3768.1
CPN PIPELINE
GENERAL LEASE -
RIGHT-OF-WAY USE
CONTRA COSTA COUNTY
SACRAMENTO COUNTY



MDJ 02/17/12